Prime Global
(Khaled El-Ghannam & Co.)

(Deloitte - Saleh, Barsoum & Abdel Aziz)
Accountants & Auditors

IBN SINA PHARMA
S.A.E.
Financial Statements
Together with Auditor's Report
For The Financial Year Ended
December 31, 2017

Prime Global
(Khaled El-Ghannam & Co.)

(Deloitte - Saleh, Barsoum & Abdel Aziz)
Accountants & Auditors

Auditor's Report

To: The Shareholders of IBN SINA PHARMA (S.A.E.)

Report on the financial statements

We have audited the accompanying financial statements of Ibn Sina Pharma (S.A.E), which comprise of the financial position as of December 31, 2017, and income statement, statement of other comprehensive income statement of changes in equity and cash flows statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

These financial statements are the responsibility of company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards, and in light of the prevailing Egyptian laws. Management responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, management responsibility also includes selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards and in the light of the prevailing Egyptian laws. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion, the financial statements referred to above give a true and fair view, in all material respects, of the financial position of Ibn Sina Pharma (S.A.E.) as of December 31, 2017, its financial performance and its cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and in the light of the related applicable Egyptian laws and regulations.

Explanatory paragraph

Without qualifying on our opinion on the financial statements and referred to above and as explained in note (35),

A preliminary court was issued on February 28, 2018 with fines on all companies accused in the lawsuit against the company and other members of the pharmaceutical distribution companies association of the Egyptian competition authority regarding a complaint that these companies agree to standardize the sales policies and reduce the cash discount rates and reduce the credit periods.

The company has taken all legal actions to challenge this ruling and the management of the company sees based on the opinion of its legal adviser that the ruling is likely to be cancelled.

Report on the legal requirements and other regulations

The company maintains proper books of accounts, which include all that is required by law and by the statutes of the company, the financial statements are in agreement with the company's books of accounts. The company also maintains cost accounting records that meet the purposes thereof and the physical inventory was counted by the company's management in accordance with methods in practice.

The financial information referred to in the report of the Board of Directors is prepared in compliance with Law No. 159 of 1981 and its executive regulations thereto and is in agreement with the company's books of account.

Cairo, March 8, 2018

Khaled El Ghannam,	**Kamel Magdy Saleh, FCA**
F.E.S.A.A (R.A.A. 4771)	**F.E.S.A.A (R.A.A. 8510)**

Translation of the financial statements
Originally issued in Arabic

Ibn Sina Pharma (S.A.E)
Financial Position as of December 31, 2017

	Note No.	31-Dec-17 EGP	31-Dec-16 EGP
Non-current assets			
Fixed assets (net)	(3-2/5)	210 264 340	171 326 679
Projects under construction	(3-3/7)	161 266 505	47 639 424
Deferred tax assets	(3-8/19)	11 103 923	11 703 726
Other assets	(3-4/6)	8 803 598	6 666 637
Total long term assets		**391 438 366**	**237 336 466**
Current assets			
Inventories	(3-5/8)	1 050 821 516	614 350 464
Accounts and notes receivable (net)	(3-6/9)	2 459 296 312	1 946 303 807
Suppliers advance payment	(3-6)	101 359 555	59 951 169
Debtors and other debit balances (net)	(3-6/10)	165 717 705	153 602 223
Due from related parties		371 635	371 635
Cash and cash equivalents	(3-11/11)	164 790 862	43 879 849
Total current assets		**3 942 357 585**	**2 818 459 147**
Total Assets		**4 333 795 951**	**3 055 795 613**
Shareholders equity and liabilities			
Shareholders' equity			
Issued and paid-up capital	(17)	168 000 000	24 000 000
Legal reserve		12 000 000	12 000 000
General reserve	(18)	3 079 334	147 079 334
Retained earnings		62 979 961	26 943 934
Net profit for the year		170 137 041	101 747 851
Total Shareholders' equity		**416 196 336**	**311 771 119**
Non-current liabilities			
Accrued long-term loan installments	(15)	25 083 272	29 631 705
Long-term notes payable		7 660 274	20 312 360
Other non-current liabilities	(3-15/21)	20 815 429	11 250 992
Long term land purchase creditors	(3-2-18-3/16)	-	70 865
Total non-current liabilities		**53 558 975**	**61 265 922**
Current liabilities			
Provisions for claims	(4-2-2 /28)	24 066 773	3 100 000
Credit facilities	(14)	6 951 866	68 643 994
Accounts and notes payable	(3-13/13)	3 700 785 721	2 519 984 745
Customers advance payment	(3-13)	6 453 218	6 324 384
Creditors and other credit balances	(3-13/12)	99 918 509	71 491 865
Land purchase creditors	(3-13/16)	70 865	101 324
Accrued short-term loan installments	(15)	25 793 688	13 112 260
Total current liabilities		**3 864 040 640**	**2 682 758 572**
Total Shareholder's equity & Liabilities		**4 333 795 951**	**3 055 795 613**

- The accompanying notes form an integral part of the financial statements and to be read therewith.

Chief Financial Officer	**Chief Executive Officer**	**Chairman**
Moa'men Gomaa	**Omar Abd Algawad**	**Mohamed Mahgoub**

attached auditor report"

Translation of the financial statements
Originally issued in Arabic

Ibn Sina Pharma (S.A.E)
Income Statement
For the financial year ended December 31, 2017

	Note No.	12/31/2017 EGP	12/31/2016 EGP
Sales	(3-9)	9 818 405 233	7 372 466 698
(Less)			
Sales discount		(232 060 769)	(166 483 633)
Sales (Net)		9 586 344 464	7 205 983 065
Cost of sales		(8 759 914 287)	(6 636 864 714)
Gross profit		**826 430 177**	**569 118 351**
(Less)			
Selling and marketing expenses		(322 793 504)	(246 444 706)
General and administrative expenses		(107 082 864)	(86 392 050)
Fixed assets depreciation	(5)	(28 526 119)	(24 713 506)
Amortization of company share in finance leased assets	(6)	(2 570 390)	(2 076 237)
Impairment of accounts and notes receivable	(9)	(2 065 497)	(13 338 388)
Provisions for claims	(28)	(22,000,000)	(2 500 000)
Impairment for debtors and other debit balances		-	(1 000 000)
Interest and financing expenses		(115 830 339)	(74 272 011)
Capital gain		4 751 704	2 750 360
Gain revaluation of foreign currency		(97 987)	5 772 434
Other income	(23)	12 913 654	6 193 725
Other expense	(24)	(15 432 240)	-
Net profit for the year before tax		**227 696 595**	**133 097 972**
Current tax		(56 959 751)	(36 142 877)
Deferred tax	(19)	(599 803)	4 792 756
Net profit for the year		**170 137 041**	**101 747 851**
Earning per share Basic & Diluted	(25)	**0.25**	**0.15**

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Chief Financial Officer	Chief Executive Officer	Chairman
Moa'men Gomaa	Omar Abd Algawad	Mohamed Mahgoub

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Ibn Sina Pharma (S.A.E)

Other Comprehensive Income

For the financial year ended December 31, 2017

	No	12/31/2017	12/31/2016
	No	EGP	EGP
Net profit for the year		170 137 041	101 747 851
		-	-
Total other comprehensive income		**170 137 041**	**101 747 851**

- The accompanying notes form an integral part of the financial statements and to be read therewith.

Chief Financial Officer	Chief Executive Officer	Chairman
Moa'men Gomaa	Omar Abd Algawad	Mohamed Mahgoub

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Translation of the financial statements
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Ibn Sina Pharma (S.A.E)
Cash Flows Statement
For the financial year end December 31, 2017

		12/31/2017	12/31/2016
		EGP	EGP
Cash flows from operating activities			
Net profits for the year before tax		**227 696 595**	**133 097 972**
Adjustments to reconcile net profit to net cash flows generated from operating activities:			
Fixed assets depreciation	(2-3/5)	28 526 119	24 713 506
Company's share in amortization of finance lease assets	(3-4/6)	2 570 390	2 076 237
Impairment of accounts and notes receivable	(3-6/9)	2 065 497	13 338 388
Provisions for claims	(4-2-2/28)	22 000 000	2 500 000
Impairment of debtors and other debit balances			1 000 000
Capital gain		(4 751 704)	(2 750 360)
Interest and financing expenses	(10-3)	115 830 339	74 272 011
Net operating profit before changes in working capital		**393 937 236**	**248 247 754**
Changes in working capital			
(Increase) in inventories		(436 471 052)	(158 137 980)
(Increase) in accounts and notes receivable		(515 058 002)	(580 335 209)
(Increase) in suppliers advance payment		(41 408 386)	(29 298 705)
(Increase) in debitors & other debit balances		(12 115 482)	(18 888 439)
(Increase) in due from related parties		-	(600)
Increase in accounts and notes payable		1180 800 976	825 575 849
Increase in customers advance payments		128 834	321 617
Increase / (Decrease) in creditors and other credit balances		26 074 223	4 155 649
Cash flows generated from operating activities		**595 888 347**	**291 639 936**
Income tax paid		(36 142 877)	(1 939 267)
Interest and financing expense	(10-3)	(123 336 445)	(74 058 449)
Net cash flows generated from operating activities		**436 409 025**	**215 642 220**
Cash flows from investing activities			
(Payments) for purchase of fixed assets & Projects under constructions		(196 619 948)	(81 750 384)
(Payments) for purchase of other assets		(4 562 903)	(3 438 297)
(Decrease) / increase in land purchase creditors		(101 324)	(970 574)
Proceeds from selling of fixed assets		4 909 266	6 679 270
Net cash flows (used in) investing activities		**(196 374 909)**	**(79 479 985)**
Cash flows from financing activities			
(Payments) for dividends		(65 563 970)	(40 216 535)
Increase / (Decrease) in short and long term loans		8 132 995	3 110 000
Increase / (Decrease) in credit facilities		(61 692 128)	(88 041 751)
Net cash flows (used in) generated from financing activities		**(119 123 103)**	**(125 148 286)**
Net change in cash and cash equivalents during the year		120 911 013	11 013 949
Cash and cash equivalents at beginning of the year		43 879 849	32 865 900
Cash and cash equivalents at end of the year	(3-11/33)	**164 790 862**	**43 879 849**

- The accompanying notes form an integral part of the financial statements and to be read therewith.

Chief Financial Officer	Chief Executive Officer	Chairman
Moa'men Gomaa	Omar Abd Algawad	Mohamed Mahgoub

Translation of the financial statements
Originally issued in Arabic

Ibn Sina Pharma (S.A.E)
Statement of Changes in Equity
For the financial year end December 31, 2017

	Note NO.	Issued and Paid-up Capital	Share Premium	Legal Reserve	General Reserve	Retained Earnings	Net Profits for the Year	Total
		EGP	EGP	EGP	EGP	EGP	EGP	EGP
Shareholders' equity as of December 31, 2015	(17)	**24 000 000**	**148,000,000**	**8 211 418**	-	**13 000 157**	**57 358 320**	**250 569 895**
Other Comprehensive Income								
Net profit for the year		-	-	-	-	-	101 747 851	**101 747 851**
Total other comprehensive income		24 000 000	148 000 000	8 211 418		13 000 157	101 747 851	**101 747 851**
Transferred from Share premium	(18)	-	(148 000 000)	920,666	147,079,334	-	-	
Transferred to legal reserve		-	-	2 867 916	-	-	(2 867 916)	-
Transferred to retained earnings		-	-	-	-	54 490 404	(54 490 404)	-
Dividends paid		-	-	-	-	(40 546 627)	-	**(40 546 627)**
Shareholders' equity as of December 31, 2016	(17)	**24 000 000**		**12 000 000**	**147 079 334**	**26 943 934**	**101 747 851**	**311 771 119**
Shareholders' equity as of January 1, 2017		24,000,000		12 000 000	147 079 334	26,943,934	101,747,851	**311,771,119**
Other Comprehensive income								
Net profit for the year		-	-	-	-	-	170 137 041	**170 137 041**
Total other comprehensive income							**170 137 041**	**170 137 041**
Transferred to Capital increase	(17)	144 000 000	-		(144 000 000)	-		-
Transferred to retained earnings		-	-	-	-	101 747 851	(101 747 851)	-
Dividends paid		-	-	-	-	(65 711 824)	-	**(65 711 824)**
Shareholders' equity as of December 31, 2017	(17)	**168 000 000**		**12 000 000**	**3 079 334**	**62 979 961**	**170 137 041**	**416 196 336**

Chief Financial Officer
Moa'men Gomaa

Chief Executive Officer
Omar Abd Algawad

Chairman
Mohamed Mahgoub

Ibn Sina Pharma (S.A.E)
Notes to the Financial Statements
For the Financial Year Ended December 31, 2017

5. Fixed Assets (net)

	Land	Building	Machinery and equipments	Vehicles	Computers and software	Furniture and fixtures	Total
2017	**EGP**	**EGP**	**EGP**	**EGP**	**EGP**	**EGP**	**EGP**
Cost							
Cost as of 1/1/2017	15 886 220	163 724 545	61 006 343	5 273 555	11 190 434	6 300 776	263 381 873
Additions during the year		27 277 718	30 533 836	1 567 350	7 362 859	823 705	67 565 468
Disposals during the year		(304 021)	(540 254)	(172 347)	(209 200)	(181 780)	(1 407 602)
Cost as of 31/12/2017	**15 886 220**	**190 698 242**	**90 999 925**	**6 668 558**	**18 344 093**	**6 942 701**	**329 539 739**
Accumulated depreciation							
Accumulated depreciation as of 1/1/2017	-	52 216 320	25 210 098	3 094 038	6 609 473	4 925 265	**92 055 194**
Depreciation charged for the year	-	14 542 536	10 137 994	1 109 700	1 883 282	852 607	28 526 119
Accumulated depreciation of disposals	-	(295,227)	(489 572)	(166 820)	(178 524)	(175 771)	(1 305 914)
Accumulated depreciation as of 31/12/2017	**-**	**66 463 629**	**34 858 520**	**4 036 918**	**8 314 231**	**5 602 101**	**119 275 399**
Net book value as of 31/12/2017	**15 886 220**	**124 234 613**	**56 141 405**	**2 631 640**	**10 029 862**	**1 340 600**	**210 264 340**

* The fixed assets includes fully depreciated assets and still used in operation until December 31, 2017 amounted EGP 45,144,999

** The Lands item includes some lands not yet registered and currently being registered

2016	Land	Building	Machinery and equipments	Vehicles	Computers and software	Furniture and fixtures	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost							
Cost as of 1/1/2016	20 186 220	135 237 149	46 421 632	3 487 634	10 276 997	5 377 642	220 987 274
Additions during the year		28 550 388	14 904 570	2 261 037	1 236 528	945 684	47 898 207
Disposals during the year	(4 300 000)	(62 991)	(319 861)	(475 116)	(323 091)	(22 549)	(5 503 608)
Cost as of 31/12/2016	**15 886 220**	**163 724 546**	**61 006 341**	**5 273 555**	**11 190 434**	**6 300 777**	**263 381 873**
Accumulated depreciation							
Accumulated depreciation as of 1/1/2016	-	37 099 458	18 406 644	3 111 865	5 725 929	4 164 094	**68 507 990**
Depreciation charged for the year	-	15 168 937	7 121 341	441 255	1 198 253	783 720	24 713 506
Accumulated depreciation of disposals	-	(52,075)	(317 887)	(459 082)	(314 709)	(22 549)	(1 166 302)
Accumulated depreciation as of 31/12/2016	-	**52 216 320**	**25 210 098**	**3 094 038**	**6 609 473**	**4 925 265**	**92 055 194**
Net book value as of 31/12/2016	**15 886 220**	**111 508 226**	**35 796 243**	**2 179 517**	**4 580 961**	**1 375 512**	**171 326 679**

1 Company's background

IBN SINA Pharma was established according to Law No. 159 of 1981 and its executive regulation and pursuant to the provisions of Law No. 95 of 1992 and its executive regulations, for the purpose of purchasing and selling in wholesale and distribution of all pharmaceutical and semi-pharmaceutical products locally or imported, and for the purchasing and selling in wholesale and distribution of any other products and tools related to health and health care, and the export and import of all products, equipment and tools, processing and packing of all products, equipment and tools related to health and medical care, maintenance, supply of information and consultancy that are related to medicine field, and to train and supply the materials required for training in all fields and activities, obtain an economic income, and perform the commercial and scientific adverting related to medicine as well as all the activities. Also, to obtain the commercial agencies from the foreign and local companies which are specialized in manufacturing and distributing the pharmaceutical and semi-pharmaceutical products, as well as the equipment, tools which are related to health and medical care, and to store the pharmaceutical, semi-pharmaceutical products, equipment, tools by any means, and assemble, manufacture and package of human, biotechnological, and veterinary medicine, cosmetics, food supplements, all types of disinfectants, manufacturing all the companies products for third parties and laboratories and hospital supplies and medicine production supplies and pursue all the related services and own the pharmaceutical and semi-pharmaceutical products, and register the above mentioned products by the regulations, and also the packaging of products, tools, equipment pharmaceutical and semi-pharmaceutical which are related to health and superior care, provided that the company would issue all the licenses required for this issue, concerning the pursue of each activity in accordance with all the laws and regulations. January 8, 2002, was considered as the start date of the company's activity in accordance with the Commercial Register. The company's name was changed during the year 2007 from IBN SINA LABOREX to IBN SINA PHARMA. In addition, the company had added some activities.

In March 5, 2017 The Extraordinary General Assembly decided to amend the Company's purpose to read as follows:

Buy and sell wholesale, distribution, manufacturing and manufacturing at third parties, packaging, transportation, storage, import and export, own and publicize commercial, scientific and marketing offers for all human pharmaceutical products, biological, veterinary, semi-prepared pharmaceuticals, chemicals, cosmetics, food, food supplements, pesticides, all kinds of disinfectants in any medical devices and prosthetic supplies laboratories, hospitals, equipment, tools, materials, laboratory reagents and alum Packaging and advertising materials - whether manufactured locally or imported, in addition to the advertisement of the above mentioned products in seals, as well as labelling, training and supply information and programs of systems and consultancy relating to the areas mentioned above and rental services and sale of administrative and storage areas, with the company's pledge extracted all permits due in this regard and the private practice of each activity and the observance of all laws and regulations in direct to these activities. The registration conducted in the Commercial Register on 12th September 2017.

2 Basis of Preparing the Financial Statements

2.1 Compliance with Accounting Standards and Laws

The financial statements have been prepared in accordance with the Egyptian accounting standards issued by the declaration of minister of investment NO: 110 for year 2015. Which is in accordance with applied Egyptian laws and regulations. The Egyptian accounting standards require the reference to International Financial Reporting Standards (IFRS) for the events and transactions that aren't issued or treated under any Egyptian accounting standard or laws.

Functional and presentation currency

The Financial Statement are presented in the Egyptian pound which presents the functional currency of the company.

2.2 Basis of measurement

Financial statement has been prepared in the historical cost bases, except for Financial instruments which are measured by fair value or amortized cost.

3 Significant Accounting Policies

The accounting policies described below have been applied in a consistent basis during the financial periods presented in the financial statements.

3.1 Foreign Currencies Transactions

The company maintains its books of accounts in Egyptian pound. Transactions denominated in foreign currencies are translated to the Egyptian pound at the rates prevailing on the transactions date. At the balance sheet date, monetary assets and liabilities denominated in other currencies are translated to the Egyptian pound at the rates prevailing on that date. Currency differences arising from transactions concluded during the year, and from the re-evaluation as of the balance sheet date are stated in the income statement. Non-monetary assets and liabilities which are recorded using historical cost in foreign currencies, are recorded using the foreign exchange rate at the date of the transaction.

3.2 Fixed Assets and their Depreciation

3.2.1 Recognition and measurement

Owned fixed assets held for use in the production, supply of goods or service, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses (Note No. 3.14). Cost includes all costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Where an item of fixed asset comprises major components having different useful lives, they are accounted for as separate items of fixed assets.

Assets in the course of construction for production, rental or administration purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees as well as all directly attributable cost. Depreciation of these assets commences when the assets are ready for their intended use on the same basis as other fixed assets.

3.2.2 Subsequent Expenditures

Expenditures incurred to replace a fixed asset or a component of an item of a fixed asset that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Other subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the item of fixed asset. All other expenditures are recognized in the income statement as expenses when incurred.

3.2.3 Depreciation

The depreciation expense is charged to the income statement according to the straight-line method, over the estimated useful life of each type of asset or the useful life of the main components of the assets which are considered as an asset by itself (except for the lands which are not depreciated). The remaining of the estimated useful life of fixed assets is reviewed on a periodic basis, and if the remaining of the estimated useful life is significantly different from the primary estimate, then the net book value is amortized over the remaining useful life after its amendment. The following is a statement of the estimated useful life for each item of the fixed asset items:

Description	Estimated useful life (In Years)
Buildings	10 - 40
Machinery and equipment	7 - 35
Vehicles	5
Computers and software	3 - 40
Furniture and office equipment	5

Depreciation commences when the fixed asset is completed and made available for its intended use. Gains and losses on disposal of fixed assets are determined by comparing the net disposal proceeds with the carrying amount, which are included in the income statement.

3.3 Projects under Construction

Costs relating to the acquisition and construction of fixed assets are initially recorded under projects under construction. When the asset is completed and ready for use, it is transferred to fixed assets.

3.4 Other Assets

The other assets are represented in the company's share of the finance lease assets and associated with the finance lease contracts, which are concluded through the amortization of the company's share of financing the construction and purchase of leased assets over the finance lease contracts starting from the leased assets operation.

3.5 Inventories

Inventories are measured at lower of cost or net realizable value. The net realizable value is determined based on the estimated selling price, in the ordinary course of business, less the estimated costs necessary to make the sale.

3.6 Accounts Receivable, Notes Receivable, and Debtors and Other Debit Balances

Accounts receivable, notes receivable, and debtors and other debit balances, which are not interest bearing, are recognized at nominal value and stated less accumulated losses resulting from the impairment in its value (Note No. 3-14).

3.7 Provisions

Provisions are recognized when the company has a present obligation legal or constructive as a result of a past event, and it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows - at the discount rate before tax – which reflects the current estimate of the market, for the time value of money and the risks associated with the obligation, If appropriate Provisions are reviewed at the consolidated balance sheet date and amended (when necessary) to reflect the best current estimate.

3.8 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Income tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of asset and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided, is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized during the following years.

3.9 Sales Revenue

Revenue is recognized when all the following conditions are satisfied:

- The company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the sold goods.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the entity.
- Costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.10 Borrowing Costs

The borrowing cost related to the acquisition, construction or production of assets qualified for capitalization, which require a long period of time to get ready for use and sales is charged directly on the cost of such assets until the time these assets are ready for their intended use or sale. All other borrowing costs are recognized as a profit and loss in the period in which they are incurred.

3.11 Cash and Cash Equivalents

For the purpose of preparing the cash flows statement, cash and cash equivalents comprise cash at banks and on hand, long-term deposits, other short-term highly liquid investments with maturities of three months or less from the acquisition date, and banks overdraft that are repayable on demand, and which form an integral part of the company management.

3.12 Cash Flows Statement

Cash flows statement are prepared using indirect method.

3.13 Payables, Accrual Expenses, Creditors and Other Credit Balances

The suppliers, accrued expenses, creditors and other credit balances are initially recognized at fair value included the direct cost of transaction and it's measured subsequently by amortized cost using the effective interest method.

3.14 Dividends

Dividends are recognized as a liability in the period during which they are declared.

3.15 Employees Benefits

The maturity of employees' benefits scheme is recorded in the financial period during which the aims of the scheme are achieved at the end of each year, until it is paid in accordance with the terms of the scheme as a liability, and the liability is recorded at the present value at each reporting date.

3.16 Employees Profit Sharing

Employees' Profit sharing is recognized as a dividend distribution through equity, and as a liability in the financial period during which the company's shareholders approved this distribution. The company pays 10% of their cash dividends as profit sharing to its employees provided that it does not exceed total employee's annual salaries. No liability Is recognized for profit sharing relating to undistributed profits.

3.17 Finance Lease

The accrued lease value of the finance lease contracts is recognized in accordance with the Egyptian Accounting Standard No. (20) - Accounting Standards and Standards Relating to Finance Lease - as an expense in the income statement during each financial period. The maintenance and maintenance expenses of the leased assets are recognized in the income statement during each financial period. The leased money is recognized as a fixed asset at the value paid to exercise the right to purchase the leased property agreed upon in accordance with the contract and is amortized over the remaining estimated useful life in accordance with policies and rates for similar assets

3.18 Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.18.1 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the market place.

The company presents assets in statement of financial position based on current/non-current classification. An asset as current when it:

A- Expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
B- Hold the asset primarily for the purpose of trading;
C- Expects to realise the asset within twelve months after the reporting period; or
D- The asset is cash or a cash equivalent (as defined in EAS 4 "statement of cash flows") unless the asset Is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

3.18.1.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the "finance income" line item.

3.18.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.18.1.3 Impairment of financial assets

Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Financial assets that are measured at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

Financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.18.1.4 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.18.2 Financial liabilities and equity instruments

3.18.2.1 Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.18.2.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments Issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.18.2.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through statement of Income.

A financial liability is classified as current liability when it satisfies any of the following criteria:

It is expected to be settled in the entity's normal operating cycle;

It is held primarily for the purposes of trading;

It is due to be settled within twelve months after the reporting period;

The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other financial liabilities are classified as non-current

3.18.2.3.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "finance costs" line item.

3.18.2.3.2 De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.18.3 Offsetting of financial instruments

3.18.3.1 Offsetting procedures between financial asset and liability

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, there is a currently legal enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4 Critical Accounting Judgments and Key Sources Of Estimation Uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgments in applying accounting policies

The following are the critical judgments that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Useful lives of property, plant and equipment

The carrying value of the company's property, plant and equipment at the end of the current reporting period is EGP 210 264 340 (31 December 2016: EGP 171 326 679). Management's assessment of the useful life of property, plant and equipment is based on the expected use of the assets, the expected physical wear and tear on the assets, technological developments as well as past experiences with comparable assets. A change in the useful life of any asset may affect the amount of depreciation that is to be recognized in profit or loss for future periods.

4.2.2 Provisions for claims

The carrying amount of provisions at the end of the current reporting period is EGP 24 066 773 (31 December 2016: EGP 3 100 000). This amount is based on estimates of future costs in relation to the Company's operations. As the provisions cannot be determined exactly, the amount could change based on future developments. Changes in the amount of provisions due to change in management estimates are accounted for on a prospective basis and recognized in the period in which the change in estimates arises.

4.2.3 Impairment of trade and other receivables as well as other current assets

An allowance for doubtful receivables is recognized to record foreseeable losses arising from events such as a customer's insolvency. The carrying amount of the allowance for trade and other receivables at the end of the current reporting period is EGP 53 552 233 (31 December 2016: EGP 54 109 903). In determining the amount of the allowance, several factors are considered. These include the aging of accounts receivables balances, the current solvency of the customer and the historical write-off experience.

4.2.4 Deferred income taxes

The measurement of deferred income tax assets and liabilities is based on the judgment of management. Deferred income tax assets are only capitalized if it is probable that they can be used. Their use depends on whether the deductible tax temporary difference can be offset against future taxable gains. To assess the probability of their future use, estimates must be made of various factors including future taxable profits. At 31 December 2017, deferred income tax assets amounted to EGP 11 103 923(31 December 2016: EGP 11 703 726) that have mainly resulted from the tax impact of carry forward tax losses. Such deferred tax assets are only recorded when the development phase of the project has been started and it becomes evident that future taxable profits are probable. If the actual values differ from the estimates, this can lead to a change in the assessment of recoverability of the deferred tax assets and accounting for such a change, if any, is to be made on a prospective basis in the reporting periods affected by the change.

4.2.5 Net realizable value of inventory

The inventory mainly includes pharmaceutical and semi pharmaceutical products which is produced locally or imported with cost or net realizable value.

In 2017, there is no impairment in inventory as well as for 2016.

5 Fixed Assets (net)

6 Other Assets (net)

	December 31, 2017	December 31, 2016
	EGP	EGP
Opening balance	6 666 637	5 307 263
Addition during the year	4 709 482	3 438 297
(Less):		
Disposals during the year	(2 131)	(2 686)
Amortization	(2 570 390)	(2 076 237)
	8 803 598	**6 666 637**

* Other assets are represented in the company's share that paid in the finance lease assets, which are related to finance lease contracts, and the remaining balance is represented in the amounts which were not amortized until December 31, 2017. Amortization is concluded over the contract period. For more details, refer to Note No. (20).

7 Projects under Construction

Buildings *	39 689 778	5 265 408
Lands **	52 400 000	--
Furniture	290 693	--
Computers & Software ***	29 905 261	17 109 628
Machinery and equipments	28 393 273	25 264 388
Vehicles	10 587 500	--
	161 266 505	**47 639 424**

* The Buildings represents the buildings under constructions in company's branches in 6th of October city, Tanta 2 city, & Fakos city.

** The Lands represents the lands under constructions in company's branch in 6th of October city has been purchased by contract dated January 1 of 2017, Refer to Note No (26).

*** The Computers & Software represents the computers & software under preparation and implementation such accounting and human resources software.

8 Inventories (net)

Goods available for sale	1 022 513 535	589 953 929
Sales return warehouse *	23 511 742	17 568 948
Spare parts	4 523 322	4 470 491
Goods in transit	272 917	2 357 096
	1 050 821 516	**614 350 464**

* Sales return warehouse is represented in the value of expired goods, to be returned back to the suppliers according to the contracts conditions with them.

9 Accounts and Notes Receivable (net)

	December 31, 2017	December 31, 2016
	EGP	EGP
Accounts receivable	1 308 776 515	962 146 509
Notes receivable	1 196 198 017	1 030 393 188
	2 504 974 532	**1 992 539 697**
Less:		
Accounts receivable impairment	(45 678 220)	(46 235 890)
	2 459 296 312	**1 946 303 807**

9-1 Impairment in Accounts Receivable

Beginning balance	46 235 890	32 897 503
Formed during the year	2 065 497	13 338 387
Used during the year	(2 623 167)	-
Balance at year end	**45 678 220**	**46 235 890**

10 Debtors and Other Debit Balances

Prepaid installments for finance lease companies *	16 564 171	34 912 600
Suppliers debit balances	53 062 814	46 389 162
Withholding tax	17 314 510	6 745 907
Advance payment for purchasing assets	6 866 315	1 830 012
Deposits with others	7 418 139	4 980 664
Due from finance lease companies	--	1 505 404
Prepaid expenses	15 083 700	4 108 693
Advance payment to tax authority	46 768 081	41 087 349
Due from employees	2 387 128	1 588 901
Sales tax authority	--	7 785 056
Other debit balance	8 126 860	10 542 488
Total	**173 591 718**	**161 476 236**
Less:		
Impairment in other debit balances	(7 874 013)	(7 847 013)
	165 717 705	**153 602 223**

11 Cash and Cash Equivalents

Letters of guarantee margin	43 681	5000
Banks current accounts – Egyptian pound	163 272 036	35 774 396
Banks current accounts – Foreign currencies	1 303 046	8 100 453
Cash on hand	172 099	
	164 790 862	**43 879 849**

12 Creditors and Other Credit Balances

	December 31, 2017	December 31, 2016
	EGP	EGP
Accrued income tax	56 959 751	36 142 877
Withholding tax	9 355 094	6 051 730
Sales Tax Authority	6 134	--
Payroll tax	914 449	1 078 244
Social Insurance Authority	1 852 174	1 727 128
Dividends payable	478 395	330 541
Accrued expenses	11 696 381	12 410 730
Other current liabilities (Note 21)	10 029 309	5 749 008
Other credit balances	8 626 822	8 001 606
	99 918 509	**71 491 865**

13 Accounts and Notes Payable

Accounts payable	472 583 729	520 859 602
Short Notes payable *	3 228 201 992	1 999 125 143
	3 700 785 721	**2 519 984 745**

* The balance includes an amount of EGP 9 183 781 as of December 31, 2017 and EGP 17 966 013 as of December 2016, which representing the value of the notes payable issued by the Company in respect of the finance lease due during one year. For further details, refer to No. (20).

14 Credit Facilities

Ahli United Bank	--	12 750 759
Commercial International Bank	2 227 558	14 328 223
Qatar National Bank	--	13 619 768
The United Bank	--	1 271 013
HSBC Bank	4 685 296	5 588 229
Union National Bank	39 012	28 509
Audi Bank	--	7 449 036
National Bank of Egypt	--	13 608 457
	6 951 866	**68 643 994**

* The banks credit facilities item - represents the credit facilities provided from some banks in Egyptian pound with variable interest rates, and some of these facilities are without guarantees, and the others are guaranteed by notes receivable or with insurance policy on a portion of the inventory in favour of the banks.

15 **Short and Long-Term Loan Installments**

Bank	Currency	Available from Loan	Date of the Loan	Date of Last Installment	Current Portion of the Loan	Long-Term Portion of the Loan	Balance as of 31/12/2017	Balance as of 31/12/2016
HSBC Bank	Egyptian pound	35 000 000	December 2014	December 2018	11 460 316	--	11 460 316	22 920 733
Barclays Bank	Egyptian pound	43 000 000	September 2016	September 2020	14 333 372	25 083 272	39 416 644	19 823 232
		78 000 000			**25 793 688**	**25 083 272**	**50 876 960**	**42 743 965**

* The loans provided to the Company at variable interest rates are secured by all-risks insurance policies on the Company's stores in favour of the banks. There are also financial covenants that must be met, as well as undertakings with a bank not to change the structure of the shareholders and / or to transfer part of the company or the company's business and / or to waive or abandon any assets of the company without obtaining the prior written approval of the bank. In addition to not distributing dividends exceeding 50% of the annual net profit achieved in the fiscal year.

16 **Land Purchase Creditors**

The balance as of December 31, 2017, is represented in the remaining amount due from the company for the lands purchased in Mansoura and Beni Suef.

17 **Capital**

- The company's authorized capital amounted to EGP 50 000 000 (only fifty million Egyptian pounds), and the company's issued and paid-up capital amounted to EGP 35 000 000 (only thirty-five million Egyptian pounds) distributed over 350 000 shares, at a par value of EGP 100 each (only one hundred Egyptian pounds), all represented in cash shares.
- On August 26, 2005, the Extraordinary General Assembly Meeting decided to increase the issued and paid-up capital to become EGP 50 000 000 (only fifty million Egyptian pounds), distributed over 500 000 shares, at a par value of EGP 100 (only one hundred Egyptian pounds), all represented in cash shares.
- On December 10, 2006, the Extraordinary General Assembly Meeting decided to buy the shares of the French side which represents the nominal value of EGP 34 193 900 (only thirty-four million, one hundred and ninety-three thousand, and nine hundred Egyptian pounds) at 68.38% of the total former shareholder's contribution at the rate of 93.5%, and the employees at 6.5%. The registration procedures were finalized at the end of year 2007.

- On September 17, 2008, the Extraordinary General Assembly Meeting agreed to amend Article No. (6) of the company's Articles of Association by reducing the accumulated losses at the value of EGP 30 000 000 (only thirty million Egyptian pounds) from the issued and paid-up capital by an amount of EGP 50 000 000 (only fifty million Egyptian pounds) before amendment, and therefore the authorized capital became EGP 50 000 000 (only fifty million Egyptian pounds) and the issued and paid-up capital in full after amendment became EGP 20 000 000 (only twenty million Egyptian pounds) distributed over 200 000 shares, at the par value of EGP 100 each (only one hundred Egyptian pounds), all represented in cash shares.
- On May 27, 2015, the Extraordinary General Assembly Meeting agreed to amend Article No. (6) of the company's Articles of Association by reducing the authorized capital to become EGP 24 000 000 (only twenty four million Egyptian pounds) instead of EGP 50 000 000 (only fifty million Egyptian pounds) and the issued and paid-up capital in full to become EGP 24 000 000 after the amendment (only twenty four million Egyptian pounds) instead of EGP 20 000 000 (only twenty million Egyptian pounds) distributed over 240 000 shares (only two hundred forty thousand shares) at the par value of EGP 100 each (only one hundred Egyptian pounds), all represented in cash shares, and this amendment was in the Commercial Register on June 29,2015.
- On March 5, 2017, the Extraordinary General Assembly decided to increase the authorized share capital by an amount of EGP 144 000 000 to become 168 000 000 as well as increase the issued capital of the Company by an amount of EGP 144 000 000 to become 168 000 000 to be financed from the balance of the general reserve as of December 31,2016 given that each (6) free shares of the share capital increase to be allocated to each one share of the original shares of the company owned by the shareholders at the date of the General Assembly Meeting. And splitting the nominal value of the share from 100 Egyptian pounds to 1 Egyptian pounds to become the total number of shares of the company after the increase and the splitting the nominal value per share to be 168 000 000 shares paid in full. This amendment was registered in the Commercial Register on September 12, 2017.
- On September 7, 2017, the Extraordinary General Assembly decided to split the share capital from EGP 1 to EGP 0.25 per share to become the paid in capital by an amount of EGP 168 000 000 distributed on 672 000 000 shares of value EGP 0.25 per share. This amendment was in the Commercial Register on September 28, 2017.

18 General Reserve

- On May 27, 2015, the Extraordinary General Assembly Meeting agreed to increase the issued and paid-up capital to become EGP 24 000 000 (only twenty-four million Egyptian pounds) distributed among 240 000 shares (only two hundred forty thousand shares) instead of EGP 20 000 000 (only twenty million Egyptian pounds) distributed over 200 000 shares (only two hundred thousand shares). As a result of this increase, a share premium was produced at the amount of EGP 148 000 000 (one hundred and forty-eight million Egyptian pounds) which represents the difference between the book value for 40 000 shares at a nominal value of EGP 100 for each share (only one hundred Egyptian pounds) for each share, and the fair value for the share which amounted to EGP 3 800 (only three thousands and eight hundred Egyptian pounds) at the date of this increase. This increase was subscribed at the number of 39 950 shares by the shareholder European Bank for the reconstruction and development, and the remaining 50 shares were subscribed by other shareholders according to the approval of the Extraordinary General Assembly.

- Share premium has been transferred to the legal and general reserve to meet the statutory percentage of capital and the remaining balance transferred to general reserve in accordance to article no. (94) from corporate law (159) year 1981 and its amendments.
- The company transferred an amount of EGP 144 Million from the general reserve to increase the issued capital (Note 17)

19 Deferred Tax

Deferred tax assets and liabilities were calculated as of December 31, 2017 as follows:

	Balance as of December 31, 2016	Movement During the Year	Balance as of December 31, 2017
	EGP		EGP
Deferred Tax Assets			
Formed form provisions other than the tax provision	10 403 075	(125 475)	10 277 600
Total deferred tax assets	**10 403 075**	**(125 475)**	**10 277 600**
Deferred Tax Liabilities			
Formed form temporary differences between fixed assets book value and net of tax base	1 300 651	(474 328)	826 323
Total deferred tax liabilities	**1 300 651**	**(474 475)**	**826 323**
Net deferred tax assets	**11 703 726**		**11 103 923**

20 Finance Lease Contracts

The Company has entered into finance lease contracts for certain assets such as Vehicle, equipment, computers, and computers software. The value of these contracts as of December 31, 2017 amounted to EGP 129 401 077. The company bears a portion of these contracts which are recorded as other assets as shown in Note No. (6).

The following are the contracts outstanding contracts as of December 31, 2017, are represented as follows:

Type of leased assets	Contract amount	Rental amount for Year 2017	Useful life for assets ranged between	Accrued amounts due in one year	Remaining accrued amounts due till the end of contracts
Vehicles	95 306 929	20 296 847	5 years	17 814 724	25 201 353
Computers	20 961 708	7 150 438	3-5 years	5 168 201	3 110 498
Equipment	13 132 440	8 330 579	3-5 years	3 716 717	1 038 729
	129 401 077	**35 777 864**		**26 699 642**	**29 350 580**

21 Other long term liabilities

According to the boards of directors' decision dated May 4, 2017, the company recorded accrued liability for the defined benefits plan as per the terms and conditions related to the program. The present value for the liability as of December 31, 2017, the long term portion amounted to EGP 20 815 429 (December 31, 2016: EGP 11 250 992) and the short term portion amounted to EGP 10 029 309 (December 31, 2016: EGP 5 749 008).

22 Board of directors remuneration

EGP	2017	2016
Salaries of executive managers	23 075 762	16 693 067
Board of directors bonus	6 650 187	7 846 786
Total benefits of management employees, Executives, and board of directors	**29 725 949**	**24 539 853**

23 Other income.

Other income includes late penalty revenue from customers amounted to EGP 12 913 654 for the period ended December 31, 2017 (December 31, 2016: EGP 6 193 725).

24 Other Expenses.

Other expenses representing in the Initial Public Offering expenses and fees.

25 Earnings per Share Basic and Diluted

Basic earnings per share is calculated by dividing the earnings from continuing operations attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

EGP	2017	2016
EARNINGS (for basic shares)	0.25	0.15

Net income and number of shares used in calculating the EPS

EGP	2017	2016
Net income of the year	170 137 041	101 747 851

Number of shares	**2017**	**2016**
Number of shares for basic and diluted EPS purpose	672 000 000	672 000 000

26 Capital Commitments

The capital commitments include commitments amounted to EGP 23 369 052 as of December 31, 2017 which is related to projects under constructions. Refer to Note No. (7).

27 Contingent liability

In addition to the amounts taken into account within the statement of financial position elements, there are contingent and non-covered liabilities from the Company as 2017 Representing Incoming Documents for Collection (IDC) amounted to EGP 106 192 720 and in letters of guarantee amounted to EGP 170 079 802.

28 Provisions for claims

Beginning balance	Formed	Used	Ending balance
3 100 000	22 000 000	(1 033 227)	24 066 773

Provisions relate to claims expected from certain third parties in respect of the Company's activities. The usual disclosure information about the appropriation has not been disclosed in accordance with accounting standards, as management believes that doing so may seriously affect the outcome of negotiations with those entities. The management reviews these allocations annually and adjusts the amount allocated in accordance with the latest developments, discussions and agreements with these entities.

29 Operating lease engagements

The company is leasing number of branches for administration and sales purposes through operating lease, The duration of these contracts on average of short and long term.

The total minimum lease payments for these contracts are as below:

	Future minimum lease payments	
EGP	**2017**	**2016**
Less than one year	29 662 833	20 481 503
from 1 to 5 years	98 406 937	76 630 066
further than 5 years	29 968 686	30 431 360
Total	**158 038 456**	**127 542 929**

30 Tax Position

First: Corporate Income Tax:

- The company was inspected and the dispute was settled from the beginning of the activity until year 2013.
- The company is being inspected for years from 2014 to 2016.

Second: Payroll Tax

- Company was inspected and taxes were settled until year 2012.

Third: Stamp Tax

- The company was inspected, and taxes were settled until year 2015.

Fourth: Sales tax

- The company was inspected, and taxes were settled until year 2013.
- The company was inspected for years 2014/2015 but not settled yet.

Fifth: Withholding tax

- The company was inspected until year 2012 and the dispute not received yet.

31 The Fair Value of the Financial Instruments

According to the valuation basis for the financial assets and liabilities stated in Note No. (3), the fair value of the financial assets and liabilities does not differ significantly from its book value as of the balance sheet date. The book values of these financial instruments represent a reasonable estimate of their fair values. Note No. (3) Of notes to the financial statements includes the significant accounting policies used in recording, measuring significant financial instruments and the related revenues and expenses.

32 Risk Management Related to Financial Instruments

Overview

the company is exposed to the following risks during the pursue of its activities, arising from use of financial instruments:

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

Risks Framework

The Company's financial instruments consist of financial assets (bank balances, receivables, trade receivables, due from related parties and customers), financial liabilities (creditors, credit balances, credit facilities, suppliers, payment notes and land purchase creditors). The following are the main risks related to them and how they are managed:

Categorize of the Financial Instruments		
EGP	**2017**	**2016**
Financial assets		
Cash and Cash Equivalent	164 790 862	43 879 849
Financial assets measured by Amortized cost(A)	2 526 390 513	2 012 165 227
Financial Liabilities		
Financial Liabilities measured by Amortized cost (B)	3 842 058 795	2 631 434 209

A) Includes customers and accounts receivable as well as other current assets that meet the definition of financial assets. Total amount of 1 415 967 072 Egyptian pounds (2016: 806 293 920 Egyptian pounds) of other current assets does not meet the definition of financial assets.

B) Includes loans and credit balances, and other financial liabilities as well as other current liabilities that meet the definition of financial liabilities. Total amount of EGP 75 540 820 (2016: EGP 112 590 286) of other current liabilities does not meet the definition of financial liabilities.

The overall responsibility is to develop the risk management framework for the company and follow up its implementation to the Board of Directors. The Board of Directors is also responsible for developing and monitoring the implementation of its risk management policies.

Risk management policies are developed to identify risks to the company, the acceptable risk limits and risk management rules, and ensure adherence to acceptable limits.
Risk policies and systems are reviewed periodically, to reflect changes in market conditions and activities. Through its training management standards and procedures, the company aims at developing and building a disciplined regulatory environment in which employees understand the role assigned to them and their obligations.

The Board of Directors oversees how the Management monitors compliance with risk policies and procedures, reviews the adequacy of the risk framework of the Company and internal audit cooperates with the Board of Directors in the performing it's following up and monitoring role. The internal audit undertakes both periodic review of the risk management controls and procedures, and reports on the results to management.

32-1 Credit Risk

Credit risk is the risk of financial loss to a company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and this risk arises mainly from customer balances and financial investments.

Customers and other debit balances

The Company's exposure to credit risk is primarily influenced by the category of each customer, including the trade nature risk, which has a lower impact on credit risk. The Company's credit risk is limited due to the Company's policy of dealing with a diverse segment of customers.

The Board of Directors has established a credit policy whereby each customer's creditworthiness is analysed on the basis of which the terms of delivery and repayment are determined. The purchase limits are determined for each customer which represents the maximum value allowed. Customers who are unable to meet the company's creditworthiness requirements can deal with the company on an advance payment basis.

The majority of the company's clients deal with the company for many years, through credit risk control to customers. Customers are grouped according to their credit characteristics, including geographic location, maturity dates and previous financial difficulties. Customers classified as "High risk" are listed on a specific client list and reviewed by management so that future sales with these customers are dealt with on an advance payment basis.

32-2 Liquidity Risk

The company's goal is to balance the continuity of funding with flexibility by obtaining loans from banks. The Company manages liquidity risk by obtaining facilities or loans by monitoring expected and actual cash flows on an ongoing basis and reconciling the maturity of financial assets and liabilities.

The Company has sufficient cash to pay the expected operating expenses and includes expenses for financial liabilities.

The following table shows the financial liabilities and their maturity dates:

The Maturity of non-Derivative Financial Liabilities

2017	Less than 6 Months	From 6 Months until One Year	From 1 to 5 Years	More than 5 Years	Total
EGP					
Instruments with no interest rate	--	3 755 683 401	--	--	**3 755 683 401**
Instruments with variable interest rate	--	32 816 360	53 558 975	--	**86 375 394**
Instruments with fixed interest rate	--	--	--	--	--
Total	--	**3 788 499 20**	**53 558 975**	--	**3 842 058 795**

2016	Less than 6 Months	From 6 Months until One Year	From 1 to 5 Years	More than 5 Years	Total
EGP					
Instruments with no interest rate	--	2 488 310 708	--	--	**2 488 310 708**
Instruments with variable interest rate	--	81 857 578	61 265 922	--	**143 123 500**
Instruments with fixed interest rate	--	--	--	--	--
Total	--	**2 570 168 286**	**61 265 922**	--	**2 631 434 208**

32-3 Interest Rate Risk

This risk is the inability of the Company to meet its financial obligations at maturity.

The Company manages this risk to ensure that there is adequate liquidity to meet its financial liabilities when due, either in normal or difficult situations, without incurring unacceptable losses or damage to its reputation.

Interest rate sensitivity analysis

Sensitivity analysis is determined based on exposure of interest rates associated with the financial derivatives and the non-derivative financial instruments at the end of the financial period, as for the liabilities with variable interest rate analysis was prepared assuming that outstanding liability amount at end of the financial period was due during the whole year and the indicator 100 point equals 1% more or less upon preparing internal reports which deal with interest rate risk that are presented to management employees' in charge and this indicator represents the management estimation of the reasonable expected change in the interest rate.

If the interest rate (increased or decreased) by 100 point with all other variables remaining constant, this would lead to more or less the company profit for the period ended December 31, 2017 by EGP 0.58 million (2016: more or less by EGP 1.1 million) and this is primarily due to the company's exposure to interest rate on the borrowed amounts with variable interest rates

33 Non- Cash Transactions

- The effect of transferring assets from PUC to fixed assets by an amount of EGP 40 252 055 has been eliminated.
- The effect of non- paid amounts of dividends payables amounted EGP 304 783 has been eliminated from paid dividends.
- The effect of transfer of paid in capital amounted EGP 144 million has been eliminated.

34 Significant events during reporting period

- On September 7, 2017, the Extraordinary General Assembly decided to approve the distribution of the Company's share capital by adjusting the nominal value of the share from LE 1 to EGP 0.25 to become the issued share capital of 168,000,000 Egyptian Pounds, distributed to 672,000,000 shares with a nominal value of (0.25) piasters per share. The Commercial Register was registered on 28 September 2017

- On May 21, 2017, the board of monetary policies with the presidency of the governor of central bank of Egypt decided to increase the interest rates on depositing and lending by 200 points to be 16.75% & 17.75% accordingly.

- On July 6, 2017, the board of monetary policies with the presidency of the governor of central bank of Egypt decided to increase the interest rates on depositing and lending by 200 points to be 18.75% & 19.75% accordingly.

35 Litigations

As disclosed in the company's prospectus of regarding the position of the Company's cases in respect of claim no. 2952 for the year 2015 & it's number 1898 for the year 2016 are economic misdemeanors court represented in:

- On 1/12/2015 The prevention of monopoly filed legal case under a letter addressed to the Office of Finance and Trade.

- The Competition Protection Authority filed it's case on the basis of a complaint raised from one of the individuals about the existence of a written agreement between the pharmaceutical distribution companies of the Pharmaceutical Distribution Companies Association (the United Pharmacists Company and the Middle East Chemical Company as related parties within the United Pharmaceutical Companies Group - Ibn Sina Pharma - Multi Pharma - Ramco Pharma Pharmaceutical Company) that these companies agree to standardize sales policies and reduce the rate of cash discount and reduce credit periods, causing in damage to small pharmacies.

- Upon notification of the Authority on 1/12/2015 indicating the existence of a violation with the request to remove the reasons and modify the situation during the 30 days set by the authority.

- A grievance was filed on 14/12/2015 until the complaint was not heard and the file referred to the public prosecution.

- The case file was reviewed by the Financial Affairs Prosecution and then Ibn Sina attended before the Financial Affairs Prosecution, where the defense of Ibn Sina Pharma was presented in relation to violations of the competition law.

- The Financial Affairs Office referred the companies to which the offense was referred to trial and recorded the documents of the report against the provisions of articles 1, 2 / A, B, 3, 6 / paragraph (1) (a), 19/1, 21/22, 1, 24 and 25 of Law No. 3 of 2005, amended and added to the laws of 190, 2008, 193 of 2008 and 56 of 2014 and Articles 1, 2, 5, 6, 9, 11, 10 / A, D, 31, 32, 33, 34, 35 and 38 of the Executive Regulations of the Law issued by the Prime Minister's Decision No. 1316 of 2005.

- The defense of Ibn Sina Company was filed in relation to violations of the competition law. Ibn Sina's defense contained in the defense memorandum submitted to the court in the session held on 2/5/2017, that no agreements have been edited or implemented between Ibn Sina and others of the drug distribution companies members of the Association of pharmaceutical distribution companies, and that Ibn Sina is developing and implementing its policy of selling independently from other companies and has been adhering to the request to draw an accounting expert to achieve the elements of the lawsuit and to determine the existence of a match in the policies of the sale of companies or not in the period specified indictment.

- On June 22, 2017, a preliminary ruling was issued to refer the case to the experts to examine the technical and financial documents.

- Upon the commencement of the experts committee, the Court ruled to terminate the work of the Experts Committee of and withdraw the case without waiting for the Committee to complete its work and submit its report and the Court decided to set its session for consideration.

- On 28/2/2018, the Court issued a preliminary judgment imposing fines on all the above mentioned companies, representing the maximum fine limit set by law.

- Since this provision is preliminary and non-enforceable because it is not final or is subject to appeal in accordance with the law, the company appealed the ruling before the competent authorities. The session on Saturday, 19/5/2018 was set before the second chamber of appeal.

- The company's advisor has filed an appeal requesting the suspension of the judgment execution issued by the Court of First Instance with all its effects & to transfer the entire case to the Court of Appeal to re-examine the case once again, knowing that the company adheres to its position and will show all the defenses that prove its innocence from the allegations.

- وSince this such decision is preliminary and non-enforceable because it is not final or is subject to appeal in accordance with the law, and the management of the company sees, based on the opinion of its legal advisor, that the ruling is likely to be canceled.

36 Significant events after Balance date

- On January 17, 2018, the Board of Directors of Ibn Sina Pharma agreed to increase the issued capital from EGP 168 million to EGP 180.5 million, through subscription to the old shareholders of their shares in the public or private placement. The capital will be increased by issuing 50 million shares subscribing to the price The final offer of EGP 5.8. According to the statement, the difference between the subscription price and the nominal value of the share premium issued by about EGP 277.5 million, which will avoid in a special reserve account.
- On 15 of February 2018, the board of monetary policies with the presidency of the governor of central bank of Egypt decided to decrease the interest rates on depositing and lending by 100 points to be 17.75% & 18.75% accordingly.

37 Financial Statements approval date

The financial statements were approved by the Board of Directors on 8 March 2018.

Finance Manager	Managing Director	Chairman
Moa'men Gomaa	Omar Abd Algawad	Mohamed Mahgoub